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P 031035Z MAY 09 ZDK DUE TO NUMEROUS SVCS  
FM AMEMBASSY ISLAMABAD  
TO RUEHC/SECSTATE WASHDC PRIORITY 2556  
INFO RUEHBUL/AMEMBASSY KABUL 0218  
RUEHLO/AMEMBASSY LONDON 0238  
RUEHNE/AMEMBASSY NEW DELHI 4838  
RUEHKP/AMCONSUL KARACHI 1571  
RUEHLH/AMCONSUL LAHORE 7175  
RUEHPW/AMCONSUL PESHAWAR 6110  
RHMFISS/CDR USCENTCOM MACDILL AFB FL  
RUEAIIA/CIA WASHDC  
RUEKJCS/SECDEF WASHINGTON DC

C O N F I D E N T I A L SECTION 01 OF 02 ISLAMABAD 000946

SIPDIS

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TAGS: [PGOV](#) [PREL](#) [PK](#)  
SUBJECT: RECONCILIATION UPDATE

REF: ISLAMABAD 899

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Classified By: Charge d'Affaires Gerald Feierstein for reasons 1.4 (b),  
(d).

¶1. (SBU) Summary: The Pakistan People's Party (PPP) publicly agreed to continue in a coalition with the Pakistan Muslim League-N (PML-N) government in Punjab, but PML-N again politely declined PM Gilani's offer to rejoin the PPP-led government in Islamabad. Awami National Party leader Wali Khan told Charge the clash of egos between Zardari and Nawaz doomed chances for a coalition government, however beneficial this would be for the country. Gilani's efforts to form an all-parties committee are on hold until President Zardari returns. Meanwhile, encouraged by the support of Gilani and public perception of U.S. backing, Nawaz Sharif has appealed to the Supreme Court to overturn his convictions for corruption and hijacking. The Court has yet to rule on the disqualification for Nawaz and Shahbaz Sharif, but Nawaz's case would be moot if the original convictions are overturned. If overturned, this would enable Nawaz to run for parliament and then tackle the two-term limit on prime ministers. End Summary.

RECONCILIATION IN PUNJAB; NOT IN ISLAMABAD  
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¶2. (C) The Pakistan People's Party (PPP) and the Pakistan Muslim League-N (PML-N) announced publicly after a May 2 meeting between PM Gilani and Chief Minister Shahbaz Sharif that they would continue power sharing in the Punjab government. Shahbaz declined to agree to give PPP its former share of seats in the government, however, because it needs to accommodate Pakistan Muslim League (PML) defectors to the PML-N. Reportedly, 56 PML supporters switched to support the Sharifs. The press quoted PPP sources as saying not everyone in the party wanted to rejoin the PML-N coalition but that there was pressure from the U.S. and the UK to demonstrate unity.

¶3. (C) Despite this reconciliation, PML-N "politely" declined PM Gilani's renewed offer for PML-N to rejoin the central government, according to press reports. This tracks with what PML-N Opposition Leader Chaudhry Nisar told the Embassy last week (reftel) regarding his party's continued reticence about working with Zardari.

¶4. (C) Separately, Nisar told the press he regretted President Obama's recent remarks about Pakistan and wondered if the U.S. wanted a strong Pakistan or was trying to weaken

it through these statements. Referring to former President Musharraf, Nisar said that if the U.S. could allow a dictator to trample the democratic system of Pakistan, it should now show patience and wait to see a strong democratic system emerge in the country. If President Zardari had gone to the U.S. with a parliamentary mandate in hand on unity, said Nisar, the country would not now be a laughing stock in the world.

15. (C) Awami National Party President Asfundyar Wali Khan told Charge May 3 that he supported the idea of a PPP/PML-N government and had tried his "level best" to make it happen. But the clash of egos between Zardari and Nawaz, he said, was too big to overcome.

#### ALL PARTIES COMMITTEE DELAYED

16. (C) Both Gilani and Minister for Parliamentary Affairs Babar Awan May 2 repeated pledges to form an all-parties committee in response to Nawaz Sharif's letter to Gilani, but efforts to organize the committee have been put on hold until President Zardari returns from visits to Washington and London. PML continues to oppose PPP/PML-N efforts to enact the Charter of Democracies, arguing that it represents the views of only two parties.

#### NAWAZ MAKES A MOVE

17. (C) Meanwhile, the cases concerning Nawaz and Shahbaz Sharifs' electoral eligibility continue. Though a restored judiciary approved a stay order returning Shahbaz as Punjab Chief Minister, the underlying cases have yet to be argued.

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The brothers had refused to petition the Court without Chief Justice Iftikhar Chaudhry at the helm; that excuse is now moot. The Chaudhry Court only reinstated Shahbaz on an interim basis, and, simultaneously, ordered Nawaz to file a concise statement about the rumored pardon of his own hijacking conviction. Those cases are set for a May 11 hearing.

18. (C) Nawaz has now filed separate appeals challenging his original convictions for corruption and hijacking. On April 23, he appealed to the Lahore High Court against a sentence in 2000 of 14 years imprisonment and a RS 50 million fine over the purchase of a helicopter. On April 27, Nawaz filed an appeal in the Supreme Court seeking to overturn the Sindh High Court conviction and life sentence in 2000 for hijacking then President Musharraf's plane.

#### SAME FACES, NEW TITLES

19. (U) Pakistan People's Party (PPP) Senator Rehman Malik, independent Senator Waqar Ahmed Khan, and Muttahida Quami Movement (MQM) Senator Babar Ghouri, were sworn in as federal ministers for Interior, Investment, and Ports and Shipping respectively on April 27 by President Asif Zardari. The three have held cabinet-level portfolios as "Advisors" until the recent Senate elections because of a constitutional mandate that ministers be members of parliament.

10. (C) Comment: Accurate or not, there is a growing public perception that the U.S. now sees Nawaz as an alternative to Zardari. Combined with PM Gilani's outreach to PML-N, this has encouraged Nawaz to take the next logical step after restoration of the Chief Justice and challenge his court convictions. If successful, Nawaz would then be able to run for a by-election and join the parliament; to become PM, he still needs repeal of the constitutional two-term limit on prime ministers. PML-N continues to insist that it has no interest in mid-term elections; absent elections or Army intervention, Gilani and the PPP government remain

politically secure despite President Zardari's low popularity. Zardari continues to bank on foreign aid to offset the PPP government's demonstrably weak performance in delivering services to the population.

FEIERSTEIN